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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, September 11, 1998

APPLICATION OF

AEP COMMUNICATIONS, LLC

CASE NO. PUC980097

For a certificate of public
convenience and necessity to
provide interexchange
telecommunications services

ORDER GRANTING CERTIFICATE

On June 18, 1998, AEP Communications, LLC ("AEPC" or "the Company") filed an application with the State Corporation Commission ("Commission") for a certificate to provide, by lease or otherwise, intrastate wholesale telecommunications capacity to local exchange carriers ("LECs") and interexchange carriers ("IXCs") and to provide non-switched private network services to other third parties. AEPC also requested authority to price its interexchange services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia. The Company further sought approval of its initial tariffs, and asked that it be granted individual contract basis pricing authority to permit negotiation of its contract services to meet the needs of AEPC customers. In its application, AEPC represented that it would provide intrastate services over its continuous interstate fiber

optic facility running from Ohio and West Virginia to Roanoke, Virginia.

By Order dated July 10, 1998, the Commission directed AEPC to give notice to the public of its application, authorized the Commission Staff to file a report or testimony herein and provided an opportunity for interested persons to comment or request a hearing on the Company's application.

No timely request for hearing was filed in this matter.¹

On August 6, 1998, the Commission Staff filed its Report. That Report contained the Commission's Divisions of Communications and Economic and Finance's evaluation of the Company's application. In its Report, the Staff stated that AEPC had agreed to make certain revisions to the tariff the Staff had requested the Company to make. The Staff found AEPC's request for a certificate to provide interexchange telecommunications service to be in compliance with the certification requirements set out in the Commission's Rules Governing the Certification of Interexchange Carriers, and did

¹ The Grayson County Board of Supervisors ("the County") filed comments dated August 25, 1998, objecting to AEPC's application. These comments questioned American Electric Power's commitment to provide capital to serve its electric utility franchised areas adequately. However, the County did not request a hearing on AEPC's proposal to provide interexchange telecommunications service. The Commission has jurisdiction to regulate Appalachian Power Company's ("APCO's") provision of electric service in Virginia. Although the adequacy of electric service is not an issue in this proceeding, we continue to regulate the adequacy of APCO's service in Virginia. No other comments were filed in this proceeding.

not object to AEPC's request for authority to base its rates on competitive factors and for individual basis contract pricing authority.²

In its Report, the Staff also observed that AEPC's affiliation with American Electric Power ("AEP") assured AEPC's financial ability to provide interexchange services. It concluded that AEPC had demonstrated the financial, technical, and managerial ability necessary to receive a certificate of public convenience and necessity to provide interexchange service in Virginia. As such, Staff recommended that the Commission grant a certificate of public convenience and necessity to provide interexchange telecommunications services to AEPC.

AEPC did not file rebuttal testimony in the matter, and on August 18, 1998, filed its proof of publication of the notice and service required by the July 10, 1998 Order Prescribing Notice.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that it is appropriate to grant a certificate of public convenience and necessity to provide

² Staff noted that certain affiliate transactions between AEPC and Appalachian Power Company were approved, subject to various conditions in the Commission's March 4, 1998 Order entered in Case No. PUA970035. See Application of Appalachian Power Company, For approval of affiliate transactions with AEP Communications, LLC, Case No. PUA970035, Doc. Control No. 980310150 (March 4, 1998, Order Granting Approval).

interexchange telecommunications services to AEP Communications, LLC. We note that AEPC intends to provide its intrastate services over the interstate fiber optic facility running from Ohio and West Virginia to Roanoke, Virginia. We find that AEPC's use of these facilities should continue to be governed by the provisions of our March 4, 1998 Order Granting Approval in Case No. PUA970035.

Additionally, we find it appropriate for AEPC to price its interexchange services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia and will grant AEPC individual contract pricing authority. Finally, we find AEPC should provide revised tariffs to our Division of Communications which conform with all applicable Commission rules and regulations. Accordingly,

IT IS ORDERED THAT:

(1) AEP Communications, LLC is hereby granted Certificate of Public Convenience and Necessity, No. TT-52A to provide interexchange services subject to the restrictions set forth in the Commission's Rules Governing the Certification of Interexchange Carriers, as amended in Case No. PUC850035, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(2) Pursuant to § 56-481.1 of the Code of Virginia, AEPC may price its interexchange services competitively and is also granted individual basis contract pricing authority.

(3) AEP Communications, LLC shall provide tariffs to the Division of Communications which conform with all applicable Commission rules, regulations, and orders.

(4) There being nothing further to be done in this matter, this case shall be dismissed from the Commission's docket of active cases and the papers filed herein made a part of the Commission's file for ended causes.